1991-92
ANNUAL
REPORT

ALBERTA DAIRY CONTROL BOARD

Alberta
AGRICULTURE

ANNUAL REPORT

of the

ALBERTA DAIRY CONTROL BOARD

for the fiscal year

ending March 31, 1992

92-07364/

CHAIRMAN'S MESSAGE

This annual report of the Alberta Dairy Control Board covers the activities for the fiscal year ended March 31, 1992. It provides information on the Board's mandate, highlights primary activities and includes the financial statements prepared by the Provincial Auditor General, along with considerable dairy industry statistical data. We hope readers find this report informative and useful.

The past year proved to be eventful for the dairy industry, both at the provincial and national levels. I would like to extend my appreciation to the dedicated and hard-working members of the Alberta Dairy Control Board. Their commitment to fostering an environment of cooperation between industry and government provides an atmosphere in which change is more easily managed and policy direction can be determined for an improved and stronger dairy industry.

The Board acknowledges the considerable effort of the Honourable Ernie Isley, Minister of Agriculture, who works closely with the Board to provide government support for a stronger dairy industry.

On behalf of the Board, I convey a hearty thank you to the management and staff of the Dairy Control Board, as well as my sincerest appreciation for their dedication and commitment to the dairy industry.

During the past year, much concern was articulated and analysis was conducted regarding the possible outcome of the General Agreement on Tariffs and Trade (GATT) negotiations and their potential impact on the Alberta dairy industry. We are hopeful that a successful agreement on agricultural issues may be reached between European Community and the United States; such agreement could lead to a conclusion of the GATT negotiations in 1992.

After many months of negotiations at the national level, a skim-off agreement was reached by the provincial committees and signatories to the National Milk Marketing Plan. The agreement recognizes the responsibility for the extra butterfat that flows from fluid production and replaces industrial production under market share quota. A new all-milk levy will be implemented over the next three years; fluid producers will be responsible for their incremental skim-off.

The continued consumer preference for lower-fat dairy products presents a significant challenge to the dairy industry, particularly to the holders of market share quota. The market share quota was cut by 5.7 percent during the year. A production cut of this magnitude seriously impacts on cash flow for producers and processors. Until consumer demand for low-fat products levels off, we have a constant reminder that one of the pillars of supply management is matching production to domestic requirement.

The market for Alberta cheese producers remains strong; as evidence of this market strength is found in the expansion and modernization of the plants of several processors.

On the recommendation of the Alberta Dairy Control Board, the Government of Alberta's Executive Council approved two Orders-In-Council that further deregulated fluid milk marketing. The province no longer sets the minimum price for milk that may be charged by retailers, nor does it approve the size and type of containers. In recent months, we have witnessed new and aggressive retail marketing techniques aimed at capturing the consumer dollar and market share. These changes, in part, contributed to increased fluid milk sales in Alberta at a time when other provinces showed per capita consumption declines.

The spring and fall producer meetings throughout the province were well attended. Numerous suggestions and requests, in many cases from new producers, were fully addressed in the monthly newsletter; articles included subjects such as quota exchanges, the national skim-off agreement, utilization of Alberta's milk production and the cost to producers for the operation of the Alberta Dairy Control Board, as well as other agencies. Each of the articles received good feedback and positive encouragement to continue this activity. A strong need exists for more information about the Alberta Dairy Control Board and dairy-related operations.

The Alberta Dairy Control Board appointed two producer representatives to the Dairy Control Board Policy Advisory Committee: Peter Schuld and Klaas Slomp, President and Vice-President, respectively, of the Alberta Milk Producers' Society. We extend our appreciation to John Killoran and Lawrence Tomalty for their wise counsel and dedicated service to this Committee.

In closing, we express our sincere appreciation to members of the Policy Advisory Committee, Alberta Milk Producers' Society, cooperative producer associations, Alberta Dairy Association, Alberta Agriculture staff, producers and processors for their valuable assistance to Dairy Board members and staff.

The Dairy Control Board, in its present and unique structure has met its challenge under the Dairy Board Act for over two decades. We are committed to providing the best possible service by working with industry stakeholders, consumers and government for a strong Alberta dairy industry.

James P. Heron, Chairman
Alberta Dairy Control Board

ALBERTA DAIRY CONTROL BOARD

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ALBERTA DAIRY CONTROL BOARD

PAST CHAIRMEN

Stewart Thomas	1968 - 1977
Jim Gylander	1977 - 1983
Mike Dordevic	1984 - 1989

BOARD MEMBERS

James P. Heron	Chairman	Spruce Grove
Lucille Dougerty	Member	High River
Thor Andreassen	Member	Stony Plain
James Hunter	Member	Medicine Hat
Terry Murray	Member	Wainwright
Lloyd Johnston	Secretary-Manager	Wetaskiwin

AUTHORITY AND MANDATE

The Alberta Dairy Control Board is a Crown corporation, operating under the authority of the Dairy Board Act.

The purpose of the Alberta Dairy Control Board is to control and regulate the sale of milk in Alberta. The Board's responsibilities cross all three sectors of the industry: fluid milk, industrial milk and cream.

The Board's membership consists of two active dairy producers, a former processor, a consumer representative and a full-time chairman. The chairman reports directly to the Minister of Agriculture. The Board employs ten full-time staff members to administer dairy policy within Alberta.

The Alberta Dairy Control Board is one of the signatories to the Comprehensive Milk Marketing Plan (the National Milk Marketing Plan governing the production of industrial milk in Canada). The Board has accepted the responsibility of administering market share quota, collecting the appropriate levies and remitting them on behalf of Alberta producers. James Heron, Chairman, represented Alberta on the Canadian Milk Supply Management Committee, which makes recommendations on balancing milk production with domestic and export demand.

Dairy policies are developed to provide efficient producers and processors of milk and cream an opportunity to obtain a fair return for their labour and investment. Dairy policies also provide consumers of dairy products with a continuous supply of high-quality dairy products at reasonable prices.

The Board is responsible for the establishment of the producers price for milk in all classes, with the exception of Class I. By authority of the Dairy Board Act, the Public Utilities Board maintains the responsibility to establish the price for Class I milk.

REPORT ON OPERATIONS

Changing conditions within the dairy industry at the provincial, national and international levels have had an impact on the operations of the Dairy Control Board. The Board continued to exercise fiscal responsibility by successfully operating within a budget determined by producer and processor assessments at a rate that has not changed since 1975.

In response to producer requests to ensure accurate payment for milk processed by Alberta's 12 processing companies, the Board employed a senior business and financial analyst and reassigned some internal resources. The audit program increased the level and the frequency of surveillance during the year. The Board solicited and received guidance from the department of the Auditor General of Alberta and the Canadian Dairy Commission in establishing a reliable audit procedure.

During the year the Board responded to a number of issues nationally and provincially. As a result the number of meetings and amount of travel increased for both Board members and staff. Board expenditures reflect these increased activities.

Expenditures also include honorarium and expenses paid to producer members of Alberta Milk Producers' Society and Northern Alberta Dairy Pool Ltd. who participated in Canadian Milk Supply Management Committee meetings. In addition, some members of the Policy Advisory Committee of the Board claimed honorarium and expenses while serving on committee business.

The Board increased the frequency and detail of producer and processor audits. General office and salary expenditures increased as a result. A one time relocation cost accounts for the majority of the increase. We are confident that these activities will be cost effective and serve the industry interests.

Interprovincial movement of Class I milk products were approved by the Board. The Board proposed a model to Saskatchewan and British Columbia that would guarantee equitable treatment of producers. Some products including UHT milk, cream and some specific milk packages are moving across provincial boundaries.

The Board adopted a new levy system in response to decisions made by the Canadian Dairy Commission. A three-tiered market share quota (MSQ) levy system was implemented. During the 1991-92 dairy year, producers were permitted the

choice of delivering into the sleeve and thus paying the higher levy. Over-quota levies collected during the 1990-91 dairy year were refunded; they totalled $1,351,712. During the 1991-92 dairy year, the over-quota levies will be held to reduce the next year's in-quota levy rate. In addition to the levies on market share quota, a milk levy was instituted that recognizes the three-year transition from MSQ levies to levies on all milk deliveries and skim-off responsibilities of each producer.

Support prices for industrial milk increased $1.23 per hectolitre (hL) effective August 1, 1992. The Board passed the increase through to producers by adjusting the price of all industrial milk classes. Class I milk price declined from $54.99 per hL to $54.01 per hL effective January 15, 1992.

A modest increase in milk and cream consumption of 1.5 percent alleviated some pressure on over-production.

Sales of low-fat products, including skim, 1% and 2% milk, represented 76.7 percent of total milk sales, a 1.4 percent increase over the previous year.

The number of producers decreased, continuing the long-term decline. As of March 31, 1992, there were 1333 milk and 307 cream producers. Despite a 9.8 percent decline in the numbers, production during the dairy year exceeds quota issued by 5.0 percent.

During the 1991-92 year, processing plants operated by the Northern Alberta Dairy Pool were closed in Bonnyville, Wetaskiwin and Vegreville. Sandi DeJong obtained a licence and began the operation of a specialty cheese plant at Diamond City.

The Board operated the fluid milk equalization pool on behalf of Alberta producers for the sixteenth year.

Dairy Cost Study participants received funding from the Board. The cost study provides the Public Utilities Board and extension agents with valuable information.

The Board continued to collect assessments from producers for dairy product promotion and nutrition education. These funds were turned over to the Alberta Milk Producers' Society and the Dairy Nutrition Council of Alberta, respectively, to be used for their specific operations.

The Board and staff enjoyed excellent cooperation from all sectors of the dairy industry, agri-business and government throughout the year. Board staff continued to dedicate themselves to providing the best possible service to the industry, business, government and consumers. Board policy and regulations were administered successfully in what has been a very busy year.

ALBERTA DAIRY CONTROL BOARD

FINANCIAL STATEMENTS

MARCH 31, 1992

Auditor's Report

Balance Sheet

Statement of Revenue, Expenditure and Retained Earnings

Notes to the Financial Statements

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

AUDITOR'S REPORT

To the Members of the
Alberta Dairy Control Board

I have audited the balance sheet of the Alberta Dairy Control Board as at March 31, 1992 and the statement of revenue, expenditure and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Donald D. Salmon

FCA
Auditor General

Edmonton, Alberta
May 29, 1992

ALBERTA DAIRY CONTROL BOARD

BALANCE SHEET

AS AT MARCH 31, 1992

	1992	1991
ASSETS		
Operating:		
Current:		
Cash	$1,045,717	$1,300,903
Due from processors and producers (Note 4)	925,448	565,892
Prepaid expenses	-	753
	1,971,165	1,867,548
Capital assets (Note 5)	91,020	43,376
Equipment under capital lease (Note 6)	5,100	7,308
Trust: (Note 7)		
Cash	238,722	345,287
Due from processors and producers (Note 4)	1,176,005	1,243,366
	1,414,727	1,588,653
	$3,482,012	$3,506,885
LIABILITIES AND RETAINED EARNINGS		
Operating:		
Due to processors and producers (Note 8)	$ 893,480	$ 825,470
Due to Province of Alberta	99,307	67,858
Current portion of obligation under capital lease (Note 9)	2,405	1,930
	995,192	895,258
Obligation under capital lease (Note 9)	3,958	6,364
Retained earnings	1,053,363	1,002,290
Quota exchange reserve (Note 10)	14,772	14,320
	2,067,285	1,918,232
Trust liabilities (Note 7)	1,414,727	1,588,653
	$3,482,012	$3,506,885

The accompanying notes are part of these financial statements.

ALBERTA DAIRY CONTROL BOARD

STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 1992

	1992	1991
REVENUE		
Producer assessments	$ 404,768	$ 391,288
Government contribution to administration costs (Note 10)	170,794	160,076
Processor assessments	165,902	120,326
Quota exchange transfers	452	14,320
Service charges	-	1,932
	741,916	687,942
EXPENDITURE		
Salaries and employee benefits	460,825	444,753
Travel and Board fees	106,986	91,548
General office	42,504	27,974
Grants	33,139	34,156
Data processing	26,538	34,727
Amortization	17,403	3,260
Data processing equipment and software	2,996	-
	690,391	636,418
Excess of revenue over expenditure for the year	51,525	51,524
Appropriation to quota exchange reserve	452	14,320
	51,073	37,204
Retained earnings at beginning of year before restatement	993,338	965,086
Adjustment for changes in accounting policy (Note 3)	8,952	-
Retained earnings at beginning of year after restatement	1,002,290	965,086
Retained earnings at end of year	$1,053,363	$1,002,290

ALBERTA DAIRY CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1992

Note 1 Authority

The Alberta Dairy Control Board operates under the authority of the Dairy Board Act, Chapter D-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Accounting Policies

Amortization

Capital assets are amortized on a straight-line basis at the following annual rates:

Office furniture and equipment	3 years
Communication equipment	3 years
Software development	5 years
Computer hardware and equipment	5 years

Equipment acquired under a capital lease is amortized on a straight-line basis over the term of the lease.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Changes in Accounting Policy

(a) Government Contribution

The Board has changed the way it accounts for expenditure. Under the new policy, expenditure is reported gross and the government contribution to administration costs is reported as revenue. Previously, expenditure was reported net of the government contribution.

This change also affects the capital assets reported on the balance sheet. These assets are now reported at their full cost. Previously, they were reported net of the government contribution.

Note 3 Changes in Accounting Policy (continued)

(b) Capital Leases

The Board has changed the way it accounts for leased equipment. Under the new policy, assets acquired under capital leases are disclosed separately on the balance sheet and the related lease obligations are reflected as liabilities.

Previously, lease payments were charged to expenditure, and were not reported on the balance sheet.

These changes in accounting policy have been applied retroactively, which necessitated the following restatements of the 1991 comparative figures.

	As Previously Reported	Adjustment	As Restated
Capital assets	$ 33,438	$ 9,938	$ 43,376
Equipment under capital lease	-	7,308	7,308
Current portion of obligation under capital lease	-	1,930	1,930
Obligation under capital lease	-	6,364	6,364
Revenue	527,866	160,076	687,942
Expenditure	485,294	151,124	636,418
Excess of revenue over expenditure	42,572	8,952	51,524

Note 4 Due from Processors and Producers

Amounts due from processors and producers consist of the following:

	1992	1991
Operating:		
Price equalization	$ 501,076	$ 503,895
Assessments	54,329	42,491
Quota exchange	349,828	-
Violations	20,215	19,506
	$ 925,448	$ 565,892
Trust:		
Canadian Dairy Commission	$ 843,397	$ 921,090
Alberta Milk Producers Society	308,152	297,576
Dairy Nutrition Council of Alberta	24,456	24,700
	$1,176,005	$1,243,366

Note 5 Capital Assets

	1992			1991
	Cost	Accumulated Amortization	Net	Net
Communication equipment	$ 1,073	$ 238	$ 835	$ -
Computer hardware and equipment	15,822	2,357	13,465	-
Office furniture and equipment	5,146	2,373	2,773	3,623
Software development	84,897	10,950	73,947	39,753
	$106,938	$15,918	$91,020	$43,376

Note 6 Equipment Under Capital Lease

	1992			1991
	Cost	Accumulated Amortization	Net	Net
Office equipment	$11,690	$6,590	$5,100	$7,308

Note 7 Trust

Under the National Milk Marketing Plan, the Board collects levies from processors on behalf of producers and forwards the levies to the Canadian Dairy Commission (CDC). A portion of the levies collected can be refunded to producers under certain conditions.

The Board has an agreement to collect levies for milk promotion and education on behalf of the Dairy Nutrition Council of Alberta (DNCA) and the Alberta Milk Producers Society (AMPS).

	CDC	AMPS	DNCA	Total
Trust liabilities at beginning of year	$ 1,266,279	$ 297,576	$ 24,798	$ 1,588,653
Add: 1991-92 levies received	14,206,817	3,295,022	261,504	17,763,343
Levies receivable	843,397	308,152	24,456	1,176,005
	16,316,493	3,900,750	310,758	20,528,001
Less: Levies paid out	15,234,374	3,592,598	286,302	19,113,274
Trust liabilities at end of year	$ 1,082,119	$ 308,152	$ 24,456	$ 1,414,727

Note 8 Due to Processors and Producers

Amounts due to processors and producers consist of the following:

	1992	1991
Operating:		
Price equalization	$537,002	$537,390
Quota exchange	352,628	284,230
Other	3,850	3,850
	$893,480	$825,470

Note 9 Obligation Under Capital Lease

Future minimum payments

	1992	1991
1992	$ -	$1,930
1993	2,405	2,405
1994	2,998	2,998
1995	960	961
	6,363	8,294
Less: Current portion	2,405	1,930
	$3,958	$6,364

Note 10 Quota Exchange Reserve

The Quota Exchange Reserve represents surpluses occurring on transfers of quotas and will be used to cover any future transaction deficiencies.

	1992	1991
Reserve at beginning of year	$14,320	$ -
Add: Appropriation in current year	452	14,320
Reserve at end of year	$14,772	$14,320

Note 11 Administration Costs

In addition to the government contribution which represents 25% of certain administration costs, the General Revenue Fund of the Province of Alberta bears the cost of the following:

Administrative services - legal, audit, personnel, and financial.
Accommodation costs - office space, basic utilities, repairs, maintenance, RITE telephone system, office furniture and certain office equipment.

Note 12 Interest on Cash Deposits and Licence Fee Income

Interest from cash deposits in the Consolidated Cash Investment Trust Fund and licence fee income have been credited directly to the General Revenue Fund of the Province of Alberta.

Note 13 Comparative Figures

The 1991 figures have been reclassified where necessary to conform to 1992 presentation.

Note 14 Approval of Financial Statements

These financial statements were approved by management.

TABLE 1

NUMBER OF PROCESSORS AND DISTRIBUTORS
AS AT MARCH 31, 1992

	1990	1991	1992
Number of Processors "B"	32	30	26
Number of Processor/Distributors "B" Class 1	16	13	8
Number of Distributor Agents/Depots "C"	109	63	69

TABLE 2

FLUID MILK AND CREAM CONSUMPTION IN LITRES
APRIL 1 TO MARCH 31

	MILK	CREAM	TOTAL
1987–88	256,961,614	10,089,428	267,051,042
1988–89	256,286,990	10,260,600	266,547,590
1989–90	261,153,952	10,333,930	271,487,882
1990–91	264,046,128	10,759,823	274,805,951
1991–92	268,167,034	10,646,500	278,813,534

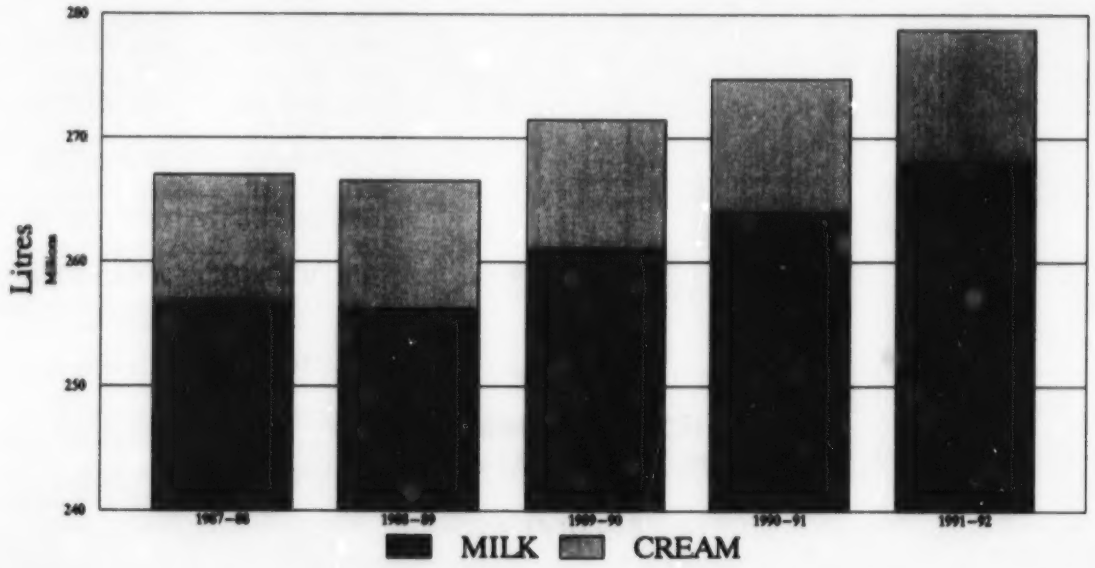

TABLE 3

SALES OF FLUID MILK IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	23,207,049	23,207,049
May	23,557,496	46,764,545
June	21,279,731	68,044,276
July	21,526,730	89,571,006
August	22,810,041	112,381,047
September	22,598,187	134,979,234
October	24,704,151	159,683,385
November	23,949,351	183,632,736
December	24,188,559	207,821,295
January	24,709,319	232,530,614
February	22,166,722	254,697,336
March	24,116,198	278,813,534

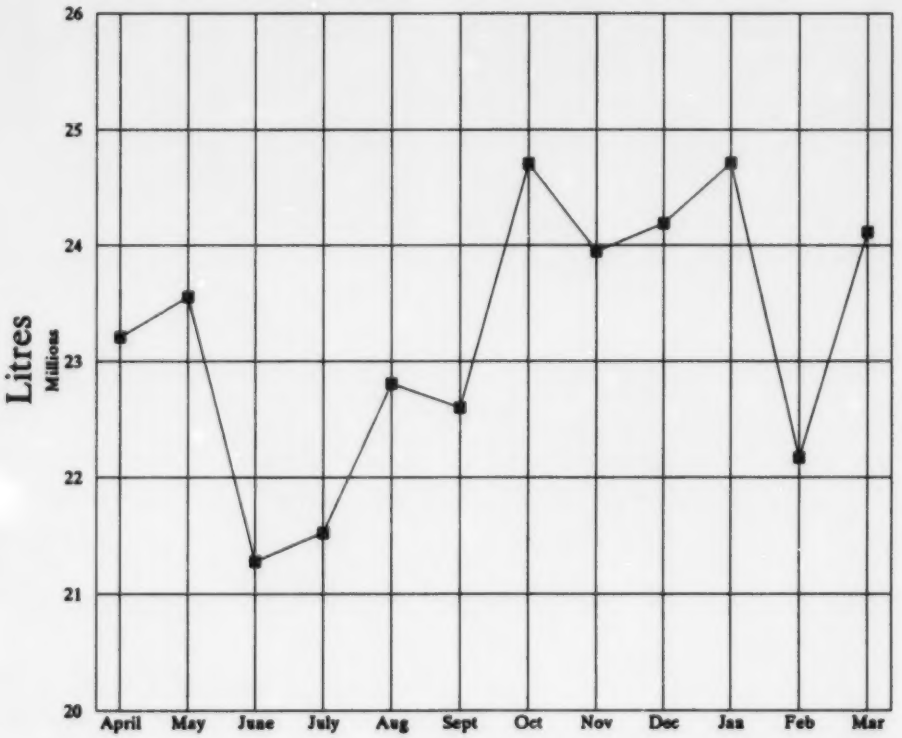

TABLE 4

SALES OF HOMO MILK IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	3,798,179	3,798,179
May	3,829,706	7,627,885
June	3,499,006	11,126,891
July	3,574,546	14,701,437
August	3,764,287	18,465,724
September	3,607,782	22,073,506
October	3,913,260	25,986,766
November	3,792,303	29,779,069
December	3,769,884	33,548,953
January	3,964,579	37,513,532
February	3,503,552	41,017,084
March	3,800,717	44,817,801

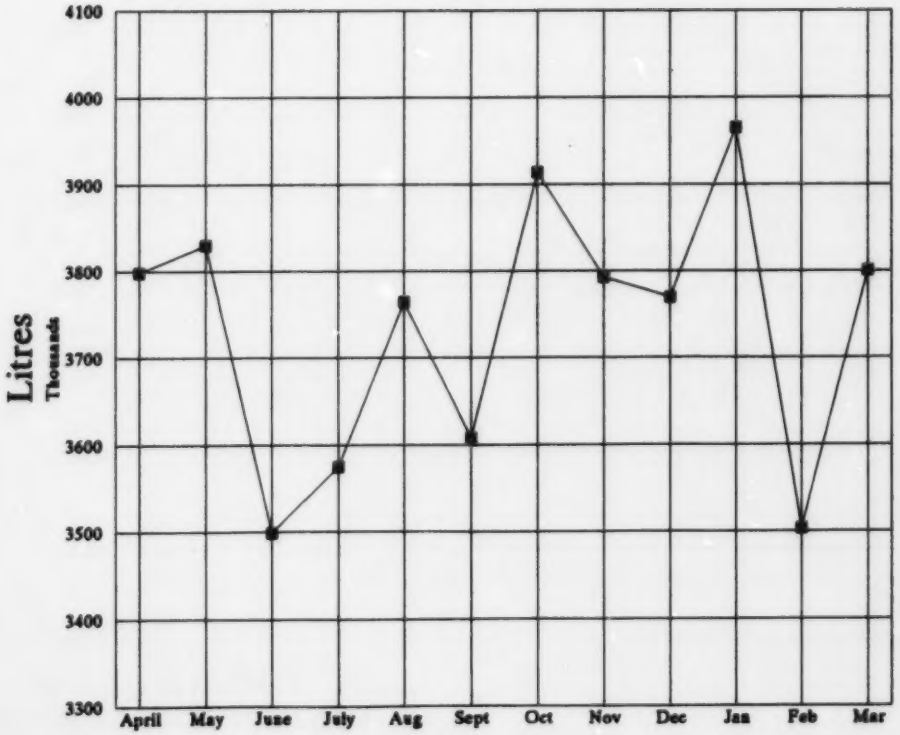

TABLE 5

SALES OF 2% MILK IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	11,393,770	11,393,770
May	11,520,074	22,913,844
June	10,302,704	33,216,548
July	10,502,977	43,719,525
August	11,125,223	54,844,748
September	10,991,559	65,836,307
October	11,939,452	77,775,759
November	11,422,625	89,198,384
December	11,254,373	100,452,757
January	12,087,095	112,539,852
February	10,742,734	123,282,586
March	11,624,696	134,907,282

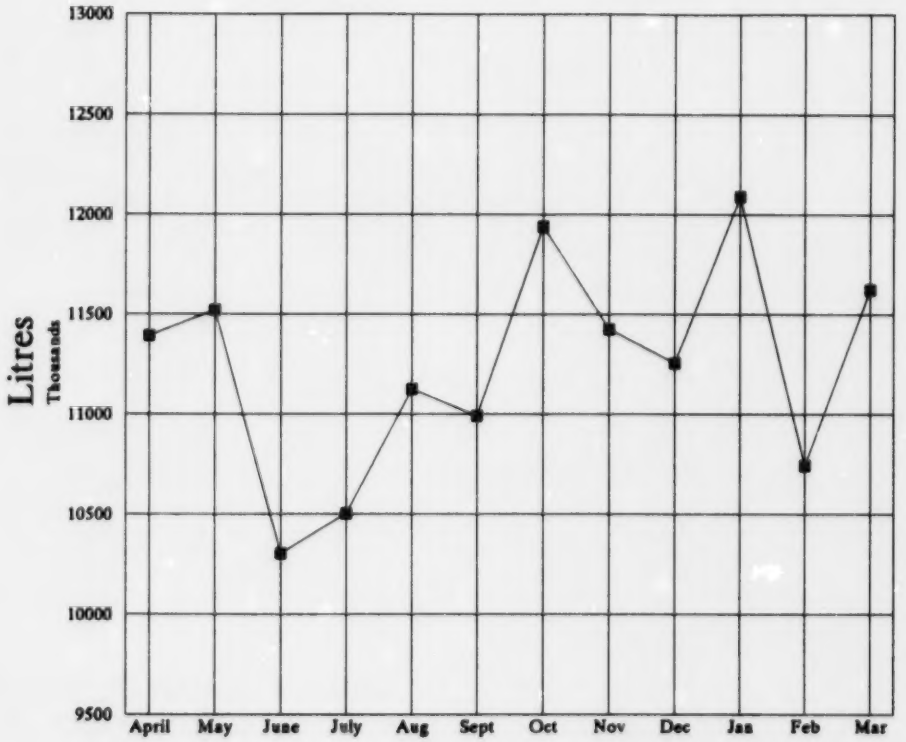

TABLE 6

SALES OF 1% MILK IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	3,575,335	3,575,335
May	3,671,771	7,247,106
June	3,357,827	10,604,933
July	3,320,098	13,925,031
August	3,547,339	17,472,370
September	3,672,909	21,145,279
October	4,049,672	25,194,951
November	3,898,113	29,094,064
December	3,639,582	32,733,646
January	4,163,738	36,897,384
February	3,737,812	40,635,196
March	4,066,767	44,701,963

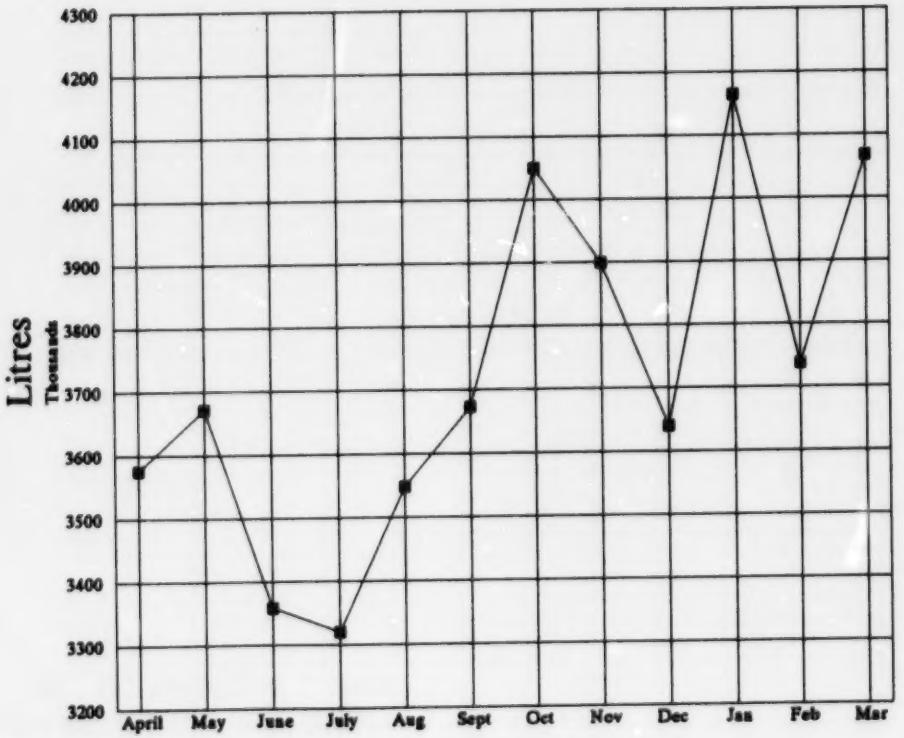

TABLE 7

SALES OF SKIM MILK IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	2,221,685	2,221,685
May	2,255,076	4,476,761
June	2,045,613	6,522,374
July	1,973,751	8,496,125
August	2,079,661	10,575,786
September	2,115,972	12,691,758
October	2,292,121	14,983,879
November	2,218,511	17,202,390
December	2,081,077	19,283,467
January	2,341,501	21,624,968
February	2,136,280	23,761,248
March	2,332,088	26,093,336

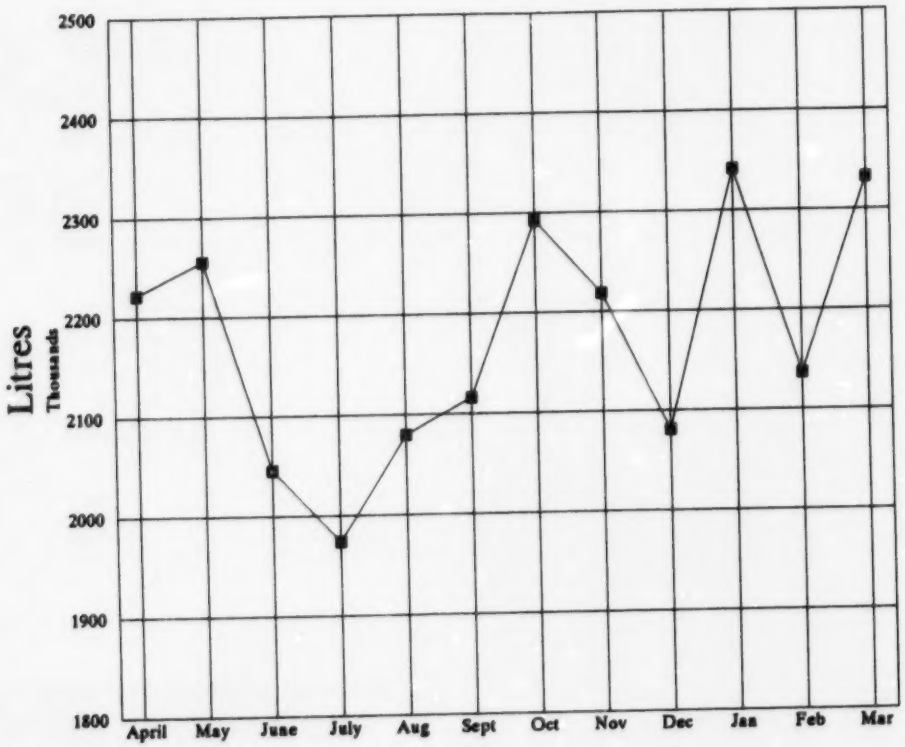

TABLE 8

SALES OF CHOCOLATE MILK IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	1,214,570	1,214,570
May	1,202,966	2,417,536
June	1,078,329	3,495,865
July	1,106,125	4,601,990
August	1,187,527	5,789,517
September	1,220,482	7,009,999
October	1,319,614	8,329,613
November	1,251,014	9,580,627
December	1,114,263	10,694,890
January	1,220,690	11,915,580
February	1,129,041	13,044,621
March	1,269,614	14,314,235

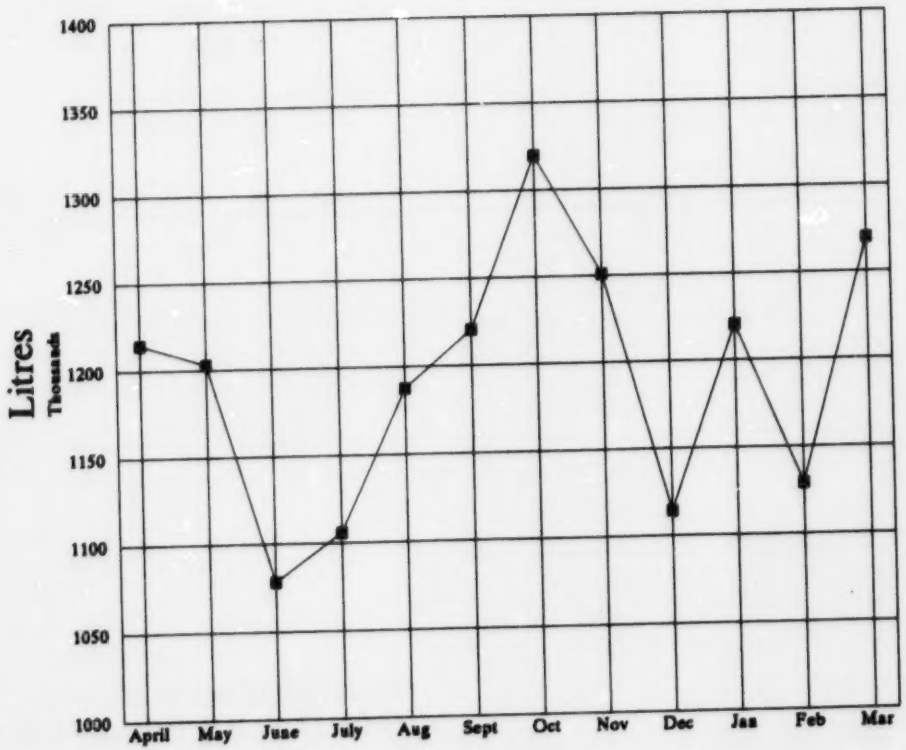

TABLE 9

SALES OF BUTTERMILK IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	147,694	147,694
May	153,855	301,549
June	148,645	450,194
July	159,764	609,958
August	167,003	776,961
September	137,831	914,792
October	141,313	1,056,105
November	134,059	1,190,164
December	126,976	1,317,140
January	132,182	1,449,322
February	128,872	1,578,194
March	144,235	1,722,429

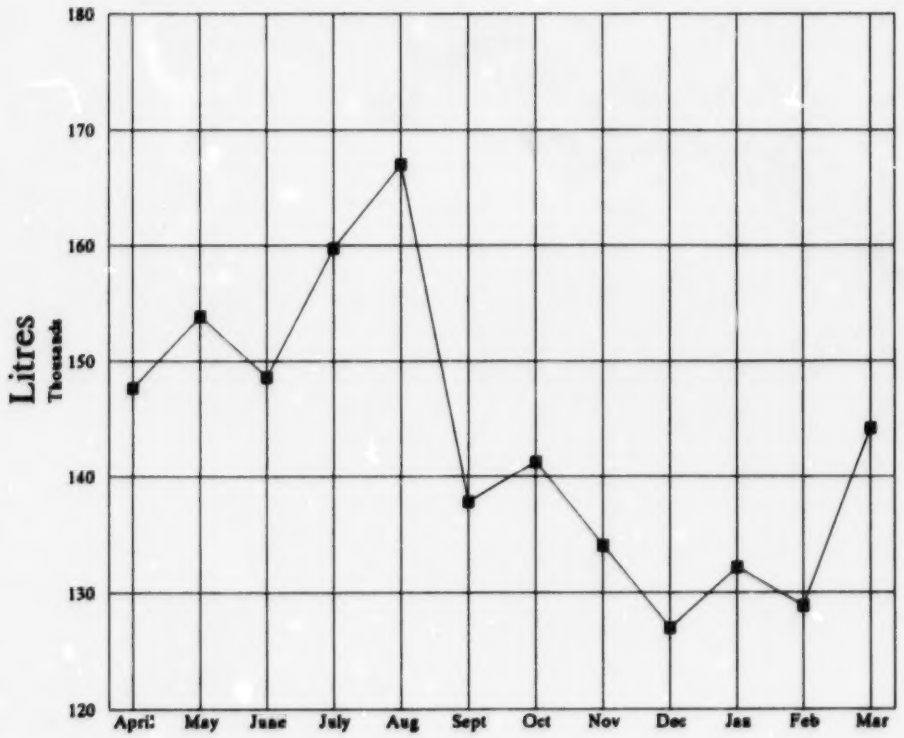

TABLE 10

SALES OF EGGNOG IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	568	568
May	561	1,129
June	650	1,779
July	633	2,412
August	737	3,149
September	611	3,760
October	84,051	87,811
November	348,995	436,806
December	1,187,140	1,623,946
January	(14,526)	1,609,420
February	(855)	1,608,565
March	1,423	1,609,988

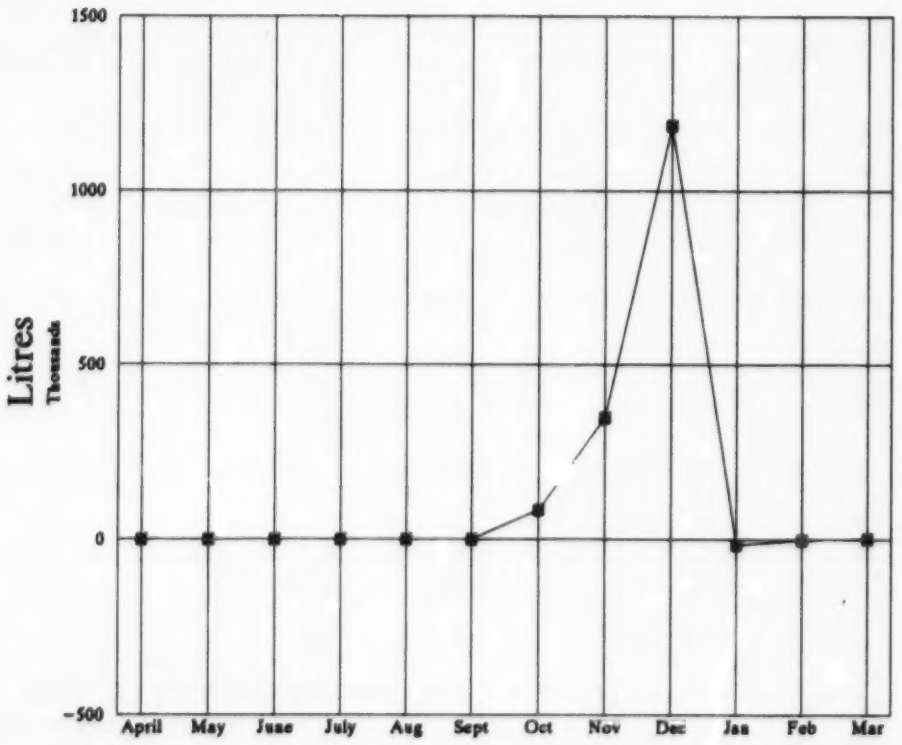

TABLE 11

SALES OF FLUID CREAM IN LITRES
APRIL 1, 1991 TO MARCH 31, 1992

	MONTHLY	CUMULATIVE
April	855,248	855,248
May	923,487	1,778,735
June	846,957	2,625,692
July	888,836	3,514,528
Aug	938,264	4,452,792
Sept	851,041	5,303,833
Oct	964,668	6,268,501
Nov	882,731	7,151,232
Dec	1,015,264	8,166,496
Jan	814,060	8,980,556
Feb	789,286	9,769,842
Mar	876,658	10,646,500

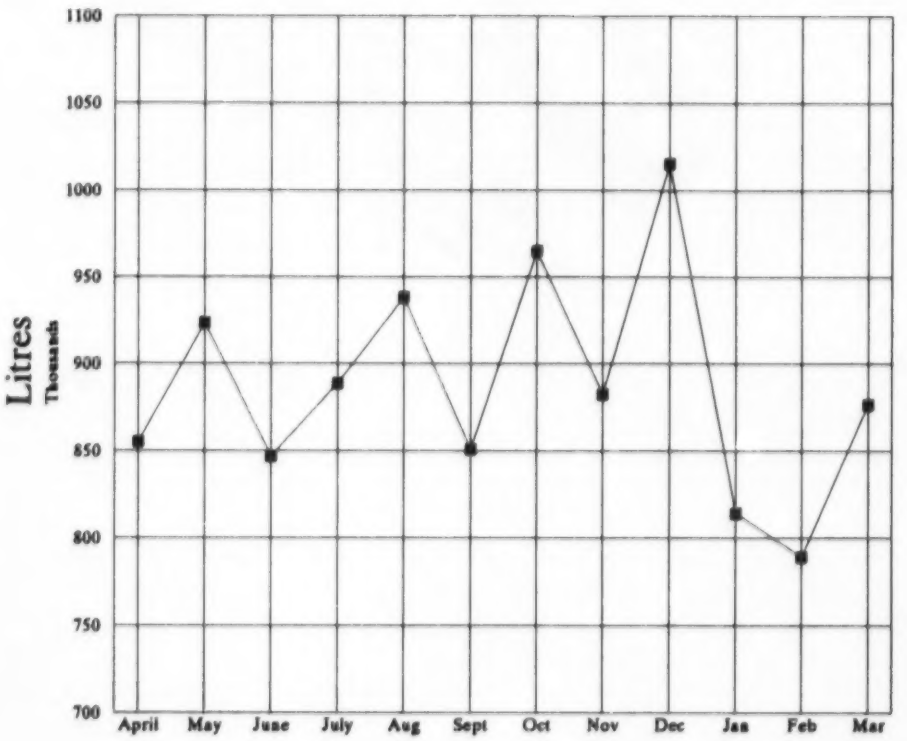

TABLE 12

TOTAL SALES OF MILK AND CREAM IN LITRES BY SIZE OF CONTAINERS
APRIL 1, 1991 TO MARCH 31, 1992

	FLUID MILK PRODUCTS	% OF TOTAL	CREAM	% OF TOTAL	TOTAL ALL PRODUCTS	% OF TOTAL
20 LITRES	7,471,720	2.79%	347,670	3.27%	7,819,390	2.80%
4 LITRE – PURE PAK*	15,192,796	5.67%	0	0.00%	15,192,796	5.45%
4 LITRE – OTHER **	25,851,852	9.64%	0	0.00%	25,851,852	9.27%
2 LITRE – PURE PAK	168,033,558	62.66%	0	0.00%	168,033,558	60.27%
2 LITRE – OTHER	10,516,950	3.92%	0	0.00%	10,516,950	3.77%
1 LITRE – PURE PAK	26,245,614	9.79%	3,181,120	29.88%	29,426,734	10.55%
1 LITRE – OTHER	1,092,885	0.41%	88,552	0.83%	1,181,437	0.42%
500 ML	6,736,101	2.51%	3,162,707	29.71%	9,898,808	3.55%
250 ML	6,697,338	2.50%	850,422	7.99%	7,547,760	2.71%
125 ML	293,231	0.11%	0	0.00%	293,231	0.11%
PORTION CUP	34,989	0.01%	3,016,029	28.33%	3,051,018	1.09%
TOTAL LITRES	268,167,034	100.00%	10,646,500	100.00%	278,813,534	100.00%

* Cardboard Cartons

** Plastic Jugs and Pouches

TABLE 13

PERCENTAGE OF SALES BY PRODUCT SIZE
APRIL 1, 1991 – MARCH 31, 1992

	20 Litres	4 Litres	2 Litres	1 Litre	500 ml	250 & 125 mL	Portion Cup
Homogenized	2.69%	18.68%	69.72%	8.58%	0.27%	0.06%	0.00%
2%	3.51%	16.70%	69.11%	6.84%	1.60%	2.21%	0.03%
1%	0.79%	16.81%	75.00%	6.06%	0.60%	0.74%	0.00%
Skim	0.82%	10.04%	76.51%	11.13%	0.00%	1.50%	0.00%
Chocolate	6.47%	0.00%	0.00%	41.39%	29.29%	22.85%	0.00%
Buttermilk	1.72%	0.00%	0.00%	98.28%	0.00%	0.00%	0.00%
Eggnog	0.00%	0.00%	36.15%	63.85%	0.00%	0.00%	0.00%
10% Cream	3.26%	0.00%	0.00%	24.21%	30.16%	2.89%	39.48%
18% Cream	99.95%	0.00%	0.00%	0.00%	0.01%	0.01%	0.03%
Whipping Cream	0.00%	0.00%	0.00%	48.82%	29.53%	21.65%	0.00%

TABLE 14

TOTAL FLUID SALES BY PRODUCT IN LITRES
APRIL 1, 1991 – MARCH 31, 1992

	Sales (litres)	Percentage of Total
Homogenized Milk	44,817,801	16.07%
2%	134,907,282	48.39%
1%	44,701,963	16.03%
Skim Milk	26,093,336	9.36%
Chocolate	14,314,235	5.13%
Buttermilk	1,722,429	0.62%
Eggnog	1,609,988	0.58%
Sub Total	268,167,034	96.18%
Cream	10,646,500	3.82%
TOTAL LITRES	278,813,534	100.00%

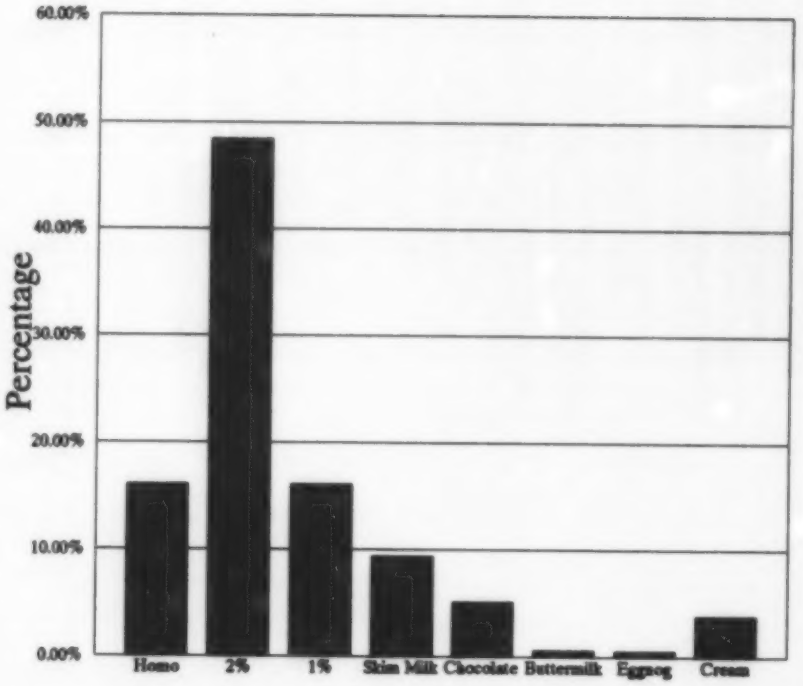

TABLE 15

CLASS I UTILIZATION PERCENTAGE OF QUOTA MILK
APRIL 1, 1992 TO MARCH 31, 1992

	CLASS I UTILIZATION 1991–92	% MONTHLY UTILIZATION	% YEAR–TO–DATE
April	22,747,653	78.16	78.16
May	23,028,254	76.52	77.33
June	20,829,030	71.40	75.37
July	21,055,822	69.89	73.98
August	22,183,436	74.66	74.11
September	22,276,223	75.40	74.33
October	24,109,399	80.48	75.22
November	23,255,226	80.04	75.81
December	23,051,636	76.58	75.90
January	24,244,849	80.50	76.36
February	21,808,685	77.27	76.44
March	23,682,114	78.54	76.62
TOTAL	272,272,327		

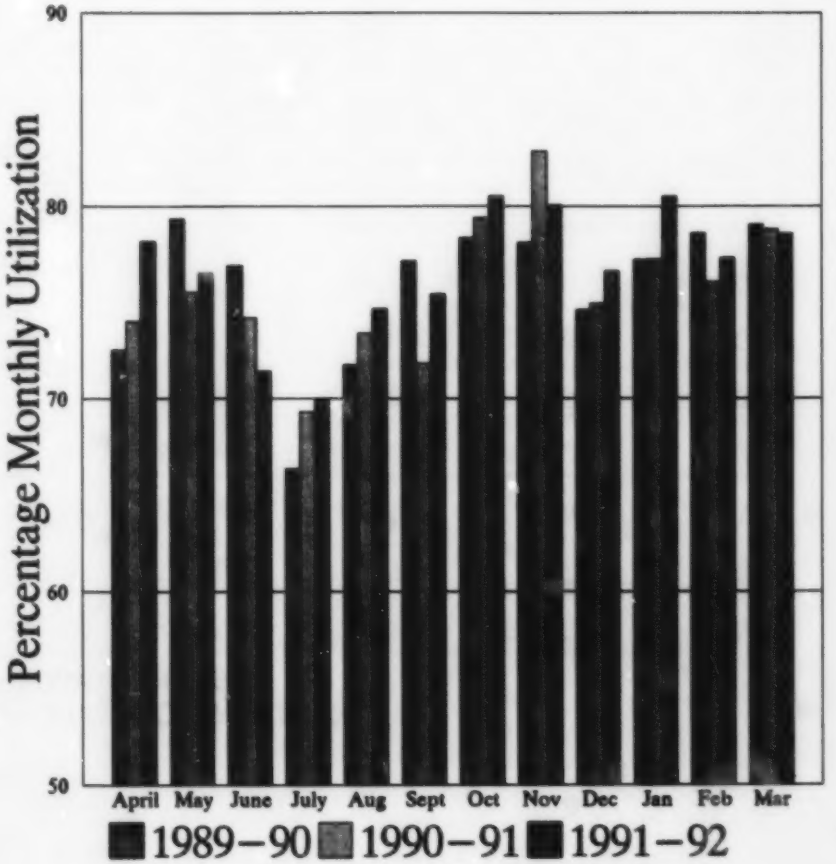

TABLE 16

UTILIZATION OF QUALIFYING MILK BY CLASS
APRIL 1 TO MARCH 31

	1989–90		1990–91		1991–92	
	LITRES	PERCENTAGE	LITRES	PERCENTAGE	LITRES	PERCENTAGE
CLASS I	265,758,622	46.3%	267,615,641	45.5%	272,272,327	47.6%
CLASS II	60,099,384	10.5%	60,772,130	10.3%	55,701,119	9.7%
CLASS IIIA	43,350,726	7.6%	53,608,511	9.1%	43,594,351	7.6%
CLASS IIIB	90,273,401	15.7%	73,128,243	12.4%	74,728,351	13.1%
CLASS IIIC	114,323,232	19.9%	132,657,840	22.6%	125,637,159	22.0%
CLASS IV	0	0.0%	0	0.0%	0	0.0%
TOTAL	573,805,365	100.0%	587,782,365	100.0%	571,933,307	100.0%

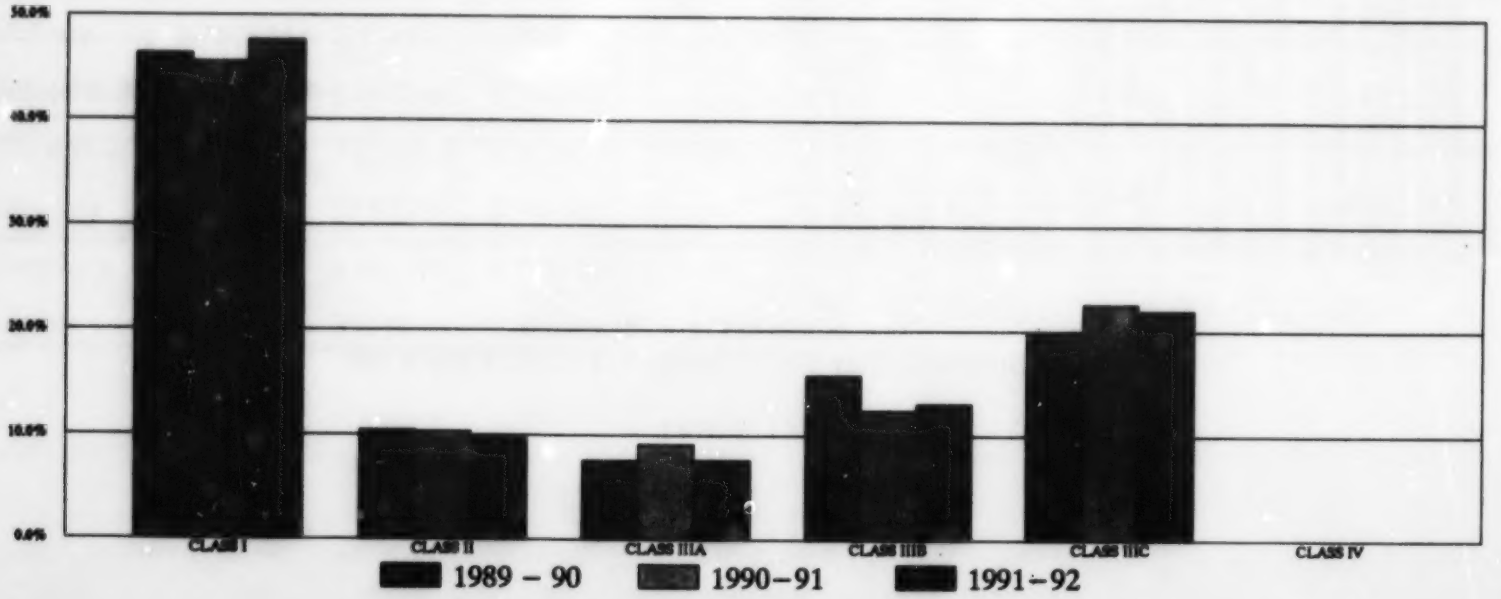

TABLE 17

MILK AND CREAM PRODUCERS AND PRODUCTION
APRIL 1 TO MARCH 31

	1989–90	1990–91	1991–92
Number of Milk Producers	1,442	1,402	1,333
Number of Cream Producers	473	396	307
Milk Production (litres)	573,805,365	587,782,365	571,933,307
Cream Production (kilograms)	448,035	367,679	291,026
Average Daily Shipment per Milk Producer (litres)	1,090	1,149	1,172

TABLE 18

PROVINCIAL AVERAGE BUTTERFAT TESTS

	1989–90	1990–91	1991–92
April	3.658423	3.651828	3.666169
May	3.589688	3.612525	3.605734
June	3.483537	3.513869	3.517454
July	3.480228	3.500814	3.515340
August	3.518339	3.516848	3.520501
September	3.679142	3.646401	3.640866
October	3.786594	3.812717	3.777722
November	3.828489	3.857346	3.836385
December	3.811055	3.813329	3.813826
January	3.714744	3.787952	3.748909
February	3.712572	3.693692	3.713799
March	3.664236	3.676044	3.676383

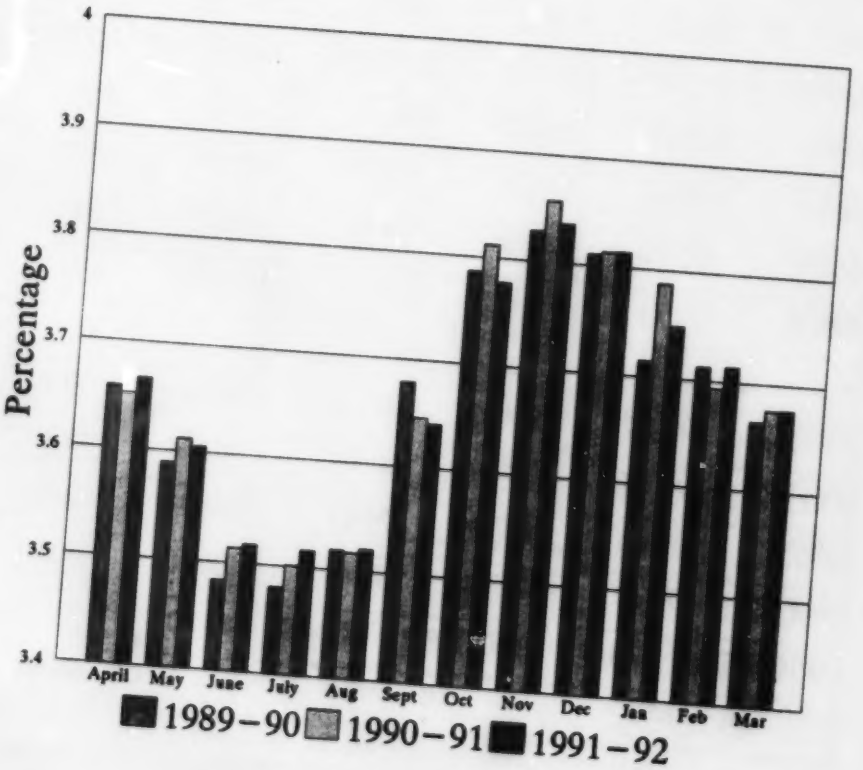

TABLE 19

UNUSED MARKET SHARE QUOTA EXCHANGE

	1988–89		1989–90		1990–91		1991–92	
	$/KG	KG SOLD	$/KG	KG SOLD	$/KG	KG SOLD	$/KG	KG SOLD
April	21.00	19,399	16.00	21,745	13.00	18,302	22.50	21,532
May	22.00	16,216	15.50	35,913	13.00	48,349	22.50	25,299
June	21.00	16,245	14.75	35,289	13.00	64,951	22.50	32,174
July	20.00	22,852	14.00	42,806	14.00	36,750	22.50	24,552
August	*	*	*	*	*	*	*	*
September	*	*	*	*	*	*	18.00	2,349
October	15.00	897	10.00	3,147	11.00	5,146	16.00	3,722
November	16.00	7,164	9.50	4,124	10.00	7,890	16.00	7,389
December	15.00	4,593	7.50	5,355	11.00	16,709	16.00	5,415
January	15.00	4,648	9.00	9,013	13.00	5,508	18.00	10,068
February	14.75	19,345	10.00	13,479	15.00	10,658	20.00	8,039
March	15.00	23,009	11.00	19,256	20.00	7,527	21.00	15,478
WEIGHTED AVERAGE	$18.30		$13.48		$13.20		$21.18	
TOTAL SOLD		134,368		190,127		221,790		156,017

* No exchange held for unused MSQ

TABLE 20

USED MARKET SHARE QUOTA EXCHANGE

	1988–89		1989–90		1990–91		1991–92	
	$/KG	KG SOLD	$/KG	KG SOLD	$/KG	KG SOLD	$/KG	KG SOLD
April	14.00	4,876	8.50	9,256	8.00	10,399	12.00	7,604
May	15.00	4,226	9.00	12,025	10.00	4,533	12.00	9,005
June	15.00	1,651	9.00	10,566	10.50	10,800	12.00	8,666
July	15.00	7,220	9.00	10,478	10.00	15,512	15.00	3,062
August	*	*	*	*	*	*	*	*
September	*	*	*	*	*	*	10.00	162
October	12.00	1,000	6.00	124	8.00	585	8.00	1,585
November	11.00	1,454	5.50	1,691	3.00	597	10.00	880
December	10.00	1,657	5.50	1,572	5.00	5,729	10.00	2,498
January	10.00	3,736	4.00	0	5.00	119	8.00	4,070
February	9.00	3,235	6.00	1,952	5.00	537	10.00	1,992
March	8.50	7,353	8.00	1,745	10.00	1,597	10.00	3,224
WEIGHTED AVERAGE	$12.04		$8.51		$8.96		$11.28	
TOTAL SOLD		36,408		49,409		50,408		42,748

* No exchange held for used MSQ

TABLE 21

FLUID QUOTA EXCHANGE

	1990–91		1991–92	
	$/LITRE	LITRES SOLD	$/LITRE	LITRES SOLD
April	(a)		290.00	535
May	(a)		(c)	
June	(a)		260.00	410
July	(a)		250.00	600
August	220.00	525	(d)	
September	220.00	790	275.00	605
October	220.00	2,150	300.00	1,010
November	220.00	2,310	300.00	1,600
December	(b)		280.00	1,590
January	240.00	565	270.00	1,590
February	240.00	1,000	260.00	1,135
March	255.00	475	(d)	
WEIGHTED AVERAGE	$226.13		$278.87	
TOTAL SOLD		7,815		9,075

Notes

(a) There was no Fluid Quota Exchange in operation prior to August 1990.

(b) A Fluid Exchange did not take place as there was not enough fluid quota available to allocate at least 5 litres to each buyer.

(c) A Fluid Exchange did not take place as the volume offered exceeded the volume bid for.

(d) A Fluid Exchange did not take place as there was no fluid offered for sale.

TABLE 22

MILK PRICES: CLASS I, II, III, QUOTA AND OVER-QUOTA

1990-91

	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
CLASS I	53.03	53.98	54.01	54.01	54.01	54.01	54.01	54.01	54.01	54.01	54.01	54.56
CLASS II	42.75	42.75	42.75	42.75	44.24	44.24	44.24	44.24	44.24	44.24	44.24	44.24
CLASS IIIA	40.95	40.95	40.95	40.95	42.74	42.74	42.74	42.74	42.74	42.74	42.74	42.74
CLASS IIIB	40.95	40.95	40.95	40.95	42.19	42.19	42.19	42.19	42.19	42.19	42.19	42.19
CLASS IIIC	40.95	40.95	40.95	40.95	42.09	42.09	42.09	42.09	42.09	42.09	42.09	42.09
QUOTA	49.93	50.84	50.68	50.07	50.95	50.78	51.69	51.98	51.14	51.41	51.24	51.97
OVER-QUOTA	41.24	41.24	41.22	41.25	42.51	42.67	42.76	42.55	42.65	42.67	42.55	42.52

1991-92

	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
CLASS I	54.99	54.99	54.99	54.99	54.99	54.99	54.99	54.99	54.99	54.45	54.01	54.01
CLASS II	44.24	44.24	44.24	44.24	44.24	45.47	45.47	45.47	45.47	45.47	45.47	45.47
CLASS IIIA	42.74	42.74	42.74	42.74	42.74	43.97	43.97	43.97	43.97	43.97	43.97	43.97
CLASS IIIB	42.19	42.19	42.19	42.19	42.19	43.42	43.42	43.42	43.42	43.42	43.42	43.42
CLASS IIIC	42.09	42.09	42.09	42.09	42.09	43.32	43.32	43.32	43.32	43.32	43.32	43.32
QUOTA	52.23	52.04	51.39	51.24	51.83	52.22	52.78	52.70	52.29	52.35	51.64	51.77
OVER-QUOTA	42.49	42.52	42.58	42.56	42.59	43.84	43.87	43.86	43.74	43.77	43.81	43.77